

Agenda

1st Meeting of Settlement Issues Subgroup

Date : July 24, 2009 9:30 AM -1:00 PM

Location: Giga Room, Department of Public Service, Montpelier

1. Review requirements for “settlement” contained in Act 45.
2. Opinion of legislative Intent regarding project size. (James Moore)
3. Description of ISO-NE settlement now used by VEPP Inc. to settle power contracts for 13 small renewable resources. (John Spencer, Laurie McMahon)
 - a. Revenue quality metering
 - b. Costs for settlement through ISO-NE
 - c. 2010 Forward Capacity Market (FCM)
4. Discussion: Is the ISO-NE Settlement process applicable to projects to be constructed under Act 45, if so, is there a minimum size project for applicability?
5. Discussion: What possible other methods are there for “settlement” that can conform to the provisions of Act 45, particularly for smaller projects.

VEPP Inc.

P.O. Box 1938 • Manchester Center, Vt. 05255

802-362-0748 •FAX 802-362-5496

Excerpts from Act 45 relating to “Settlement”

(2) The SPEED facilitator shall distribute the electricity purchased and any associated costs to the Vermont retail electricity providers based on their pro rata share of total Vermont retail kWh sales for the previous calendar year, and the Vermont retail electricity providers shall accept and pay the SPEED facilitator for those costs.

(3) The SPEED facilitator shall transfer any tradeable renewable energy credits attributable to electricity purchased under standard offer contracts to the Vermont retail electricity providers in accordance with their pro rata share of the costs for such electricity as determined under subdivision (2) of this subsection, except that in the case of a plant using methane from agricultural operations, the plant owner shall retain such credits to be sold separately at the owner’s discretion.

(4) The SPEED facilitator shall transfer all capacity rights attributable to the plant capacity associated with the electricity purchased under standard offer contracts to the Vermont retail electricity providers in accordance with their pro rata share of the costs for such electricity as determined under subdivision (2) of this subsection.

VEPP Inc.

P.O. Box 1938 • Manchester Center, Vt. 05255

802-362-0748 • FAX 802-362-5496

9/22/09

Monthly Settlement Cost - (Existing VEPP Inc. Project)

For 100 kW Project

commercial phone line	\$80 /mo.
VEPPI Fee (Producer share)	\$109 /mo.
total	<hr/> \$189 /mo.

Monthly Revenue from small Solar and Wind projects

Assumptions:

Output:	
Solar	1.1 kWh per W/Yr.
Wind	20% Capacity Factor
Rate:	
Solar	\$0.30 /kWh
Wind	\$0.14 /kWh

Solar

Size (kW)	Output (kWh/Mo.)	Gross Revenue (\$/mo.)
7	642	\$192.50
15	1375	\$412.50
50	4583	\$1,375.00
100	9167	\$2,750.00

Wind

3	438	\$61.32
15	2190	\$306.60
50	7300	\$1,022.00
100	14600	\$2,044.00

VEPP Inc.

P.O. Box 1938 • Manchester Center, Vt. 05255
802-362-0748 • FAX 802-362-5496

VEPP Inc.

P.O. BOX 1938 ♦ MANCHESTER CENTER, VT 05255

802-362-0748 ♦ FAX 802-362-5496

JOB SETTLEMENT SUBGROUP

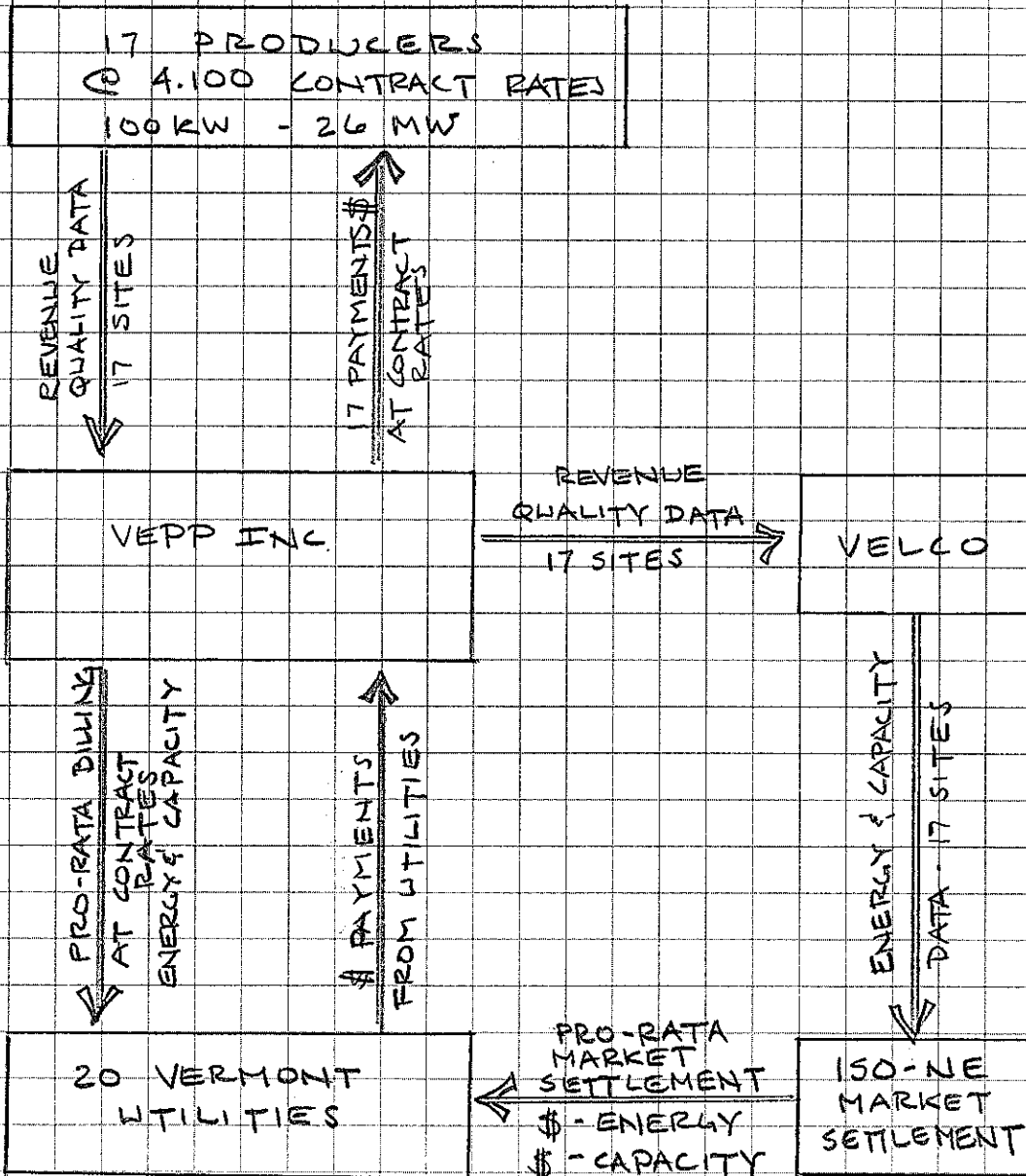
SHEET NO. _____ OF _____

CALCULATED BY J. R. SPECKER DATE 7-22-09

CHECKED BY _____ DATE _____

SCALE _____

VEPP INC. SETTLEMENT FLOW CHART



Queue Requirements for New Capacity in the FCM

III.13.1.1.2.2. New Capacity Qualification Package. For each resource that a Project Sponsor seeks to offer in the Forward Capacity Auction as a New Generating Capacity Resource, the Project Sponsor must submit a New Capacity Qualification Package no later than the New Capacity Qualification Deadline, described in Section III.13.1.10. Except as otherwise provided in this Section III.13.1, the New Capacity Qualification Package shall conform to the requirements of this Section III.13.1.1.2.2. The ISO may waive the submission of any information not required for evaluation of a project. No change that may result in a reduction in capacity may be made to a project described in a New Capacity Show of Interest Form or New Capacity Qualification Package between the date that is 150 days before the start of the Forward Capacity Auction and the deadline for qualification determination notifications described in Section

III.13.1.1.2.2.1. Site Control. For the Forward Capacity Auction for the Capacity Commitment Period beginning June 1, 2010, the Project Sponsor must submit, as part of the New Capacity Qualification Package, documentation demonstrating that the Project Sponsor has already achieved control of the project site for the duration of the relevant Capacity Commitment Period. For all Forward Capacity Auctions and reconfiguration auctions after the Forward Capacity Auction for the Capacity Commitment Period beginning June 1, 2010, the Project Sponsor must submit, with the New Capacity Show of Interest Form, documentation demonstrating that the Project Sponsor has already achieved control of the project site for the duration of the relevant Capacity Commitment Period. Site control shall mean that: (i) the Project Sponsor is the owner in fee simple of the

real property on which the project will be located; (ii) the Project Sponsor holds a valid written leasehold interest in the real property on which the project will be located; (iii) the Project Sponsor holds a valid written option, exercisable solely by the Project Sponsor or its assignee, to purchase or lease property on which the project will be located; or (iv) the Project Sponsor holds a duly executed written contract to purchase or lease the real property on which the project will be located. A resource that has previously been counted as a capacity resource is not required to submit site control documentation.

III.13.1.1.2.2. Critical Path Schedule. In the New Capacity Qualification Package, the Project Sponsor must provide a critical path schedule for the project with sufficient detail to allow the ISO to evaluate the feasibility of the project being built and the feasibility that the project will meet the requirement that the project achieve Commercial Operation as qualified no later than the start of the relevant Capacity Commitment Period and at least 12 months after the date of the Forward Capacity Auction for the Capacity Commitment Period beginning June 1, 2010. The critical path schedule shall include, at a minimum, the dates on which the following milestones have or are expected to occur:

(a) **Major Permits.** In the New Capacity Qualification Package, the Project Sponsor must list all major permits required for the project, and for each major permit, the Project Sponsor must list the agency requiring the permit, the date on which application for the permit is expected to be made, and the

VEPP Inc.

P.O. Box 1938 • Manchester Center, Vt. 05255

802-362-0748 • FAX 802-362-5496

expected date of approval. Major permits shall include, but are not limited to: (i) all federal and state permits; and (ii) local, regional, and town permits. The permitting and installation process associated with any major ancillary infrastructure (such as new gas pipelines, new water supply systems, or large storage tanks) should be included in this portion of the New Capacity Qualification Package.

(b) **Project Financing Closing.** In the New Capacity Qualification Package, the Project Sponsor shall provide (i) the estimated dollar amount of required project financing; (ii) the expected sources of that financing; and (iii) the expected closing date(s) for the project financing.

(c) **Major Equipment Orders.** In the New Capacity Qualification Package, the Project Sponsor must provide a list of all of the major components necessary for the project, and the date or dates on which all major components necessary for the project have been or are expected to be ordered. Although the specific technology will determine the list of major components to be included, the list shall include, to the extent applicable: (i) electric generators which may include equipment such as fuel cells or solar photovoltaic equipment; (ii) turbines; (iii) step-up transformers; (iv) relay panels (v) distributed control systems; and (vi) any other single piece of equipment

VEPP Inc.

P.O. Box 1938 • Manchester Center, Vt. 05255

802-362-0748 • FAX 802-362-5496

or system such as a cooling water system, steam generation, steam handling system, water treatment system, fuel handling system or emissions control system that is not included as a sub-component of other equipment listed in this Section III.13.1.1.2.2.2(d) and that accounts for more than five percent of the total project cost.

(d) Substantial Site Construction. In the New Capacity Qualification Package, the Project Sponsor must provide the approximate date on which the amount of money expended on construction activities occurring on the project site is expected to exceed 20 percent of construction financing costs.

(e) Major Equipment Delivery. In the New Capacity Qualification Package, the Project Sponsor must provide the dates on which the major equipment described in subsection (d) above has been or is scheduled to be delivered to the project site.

(f) Major Equipment Testing. In the New Capacity Qualification Package, the Project Sponsor must provide the date or dates on which each piece of major equipment described in subsection (d) above is scheduled to undergo testing, including major systems testing, as appropriate for the specific technology to establish its suitability to allow, in conjunction with other major equipment, subsequent Commercial Operation of the project in accordance with the design

VEPP Inc.

P.O. Box 1938 • Manchester Center, Vt. 05255

802-362-0748 • FAX 802-362-5496

capacity of the resource and in accordance with Good Electric Utility Practice. The test(s) shall include those conducted at the point at which the operation of the major equipment will be determined to be in compliance with the requirements of the engineering or purchase specifications.

(g) Commissioning. In the New Capacity Qualification Package, the Project Sponsor must provide the date on which the project is expected to have demonstrated the level of performance specified in the New Capacity Show of Interest Form and in the New Capacity Qualification Package.

(h) Commercial Operation. In the New Capacity Qualification Package, the Project Sponsor must provide the date by which the project is expected to achieve Commercial Operation. This date must be no later than the start of the Capacity Commitment Period associated with the Forward Capacity Auction.

VEPP Inc.

P.O. Box 1938 • Manchester Center, Vt. 05255

802-362-0748 • FAX 802-362-5496